



BOARD OF EQUALIZATION

BUSINESS TAXES COMMITTEE MEETING MINUTES

HONORABLE BETTY T. YEE, COMMITTEE CHAIR

450 N STREET, SACRAMENTO

MEETING DATE: SEPTEMBER 20, 2011, TIME: 10:00 A.M.

ACTION ITEMS & STATUS REPORT ITEMS

Agenda Item No: 1

**Title: Engaged in Business in this State – Revenue and Taxation Code
Section 6203**

Issue/Topic:

The implementation of the expanded nexus provisions enacted by ABx1 28.

Committee Discussion:

Staff presented a status report regarding the actions taken to implement ABx1 28 which amended the definition of “retailer engaged in business in this state” provided in Revenue and Taxation Code section 6203. Staff also discussed the provisions of AB 155 which would temporarily eliminate the amendments to Section 6203 that were made by ABx1 28 and postpone the operative date until September 15, 2012, unless federal legislation is enacted that enables states to impose a use tax collection obligation on sales of goods to in-state purchasers without regard to the location of the seller. If federal legislation is enacted on or before July 31, 2012, but California does not enact legislation on or before September 14, 2012, to conform to that federal legislation, then the provisions of AB 155 would become operative on January 1, 2013. AB 155 also increases the threshold of a retailer’s cumulative sales of tangible personal property to California purchasers to more than \$1 million for the affiliate nexus provisions to apply. AB 155 was passed by the Legislature and is waiting for Governor approval.

Lastly, staff asked for Board direction regarding the scheduled interested parties process to revise Regulation 1684, *Collection of Use Tax by Retailers*, to incorporate the amended provisions of Section 6203.

Committee Action:

The Board directed staff to prepare a report summarizing the background and history of California’s participation in the Streamlined Sales and Use Tax Agreement relating to nexus issues, an update of the current status of that agreement, and the mandates the Board would need to respond to if federal legislation were passed.

The Board further instructed staff to continue with the current interested parties process to amend Regulation 1684. If AB 155 is enacted, staff will revise the action plan for implementing the Section 6203 amendments and provide that revised plan to the Board Members.

/s/ Betty T. Yee

Honorable Betty T. Yee, Committee Chair

/s/ Kristine Cazadd

Kristine Cazadd, Interim Executive Director

BOARD APPROVED

at the September 21, 2011 Board Meeting

/s/ Diane Olson

Diane Olson, Chief
Board Proceedings Division